

Message Text

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PAGE 01 STATE 070154
ORIGIN EB-08

INFO OCT-01 EA-12 NEA-10 ISO-00 ARA-14 L-03 DOE-11
SOE-02 COME-00 TRSE-00 STR-07 SS-15 NSC-05
CIAE-00 INR-10 NSAE-00 /098 R

DRAFTED BY EB/ORF/FSE:JCTODD,EW
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R 180333Z MAR 78
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TO AMEMBASSY ALGIERS
INFO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ENRG, EFIN, AG

SUBJECT: BANKRUPTCY OF US OIL FIRM

REF: ALGIERS 785

1. ONLY INFORMATION AVAILABLE TO DEPARTMENT IS THAT
COMMONWEALTH OIL REFINING COMPANY (CORCO) HAS FILED PETITION
WITH FEDERAL COURTS IN SAN ANTONIO, TEXAS, SEEKING PRO-
TECTION UNDER CHAPTER 11 OF FEDERAL BANKRUPTCY ACT.
PETITION WAS FILED VOLUNTARILY AND IN SAN ANTONIO BECAUSE
THAT IS HEADQUARTERS BOTH OF CORCO AND TESORO PETROLEUM
CORPORATION, CORCO'S BIGGEST SINGLE CREDITOR AND LARGEST
SHAREHOLDER. UNDER CHAPTER 11 OF BANKRUPTCY ACT" A COMPANY
CONTINUES TO OPERATE AND OBTAINS COURT PROTECTION FROM
CREDITORS WHILE IT TRIES TO WORK OUT A PLAN OR ARRANGEMENT
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FOR PAYING ITS DEBTS. ANY SUCH PLAN MUST EVENTUALLY BE
APPROVED BY MAJORITY OF CREDITORS AND CONFIRMED BY THE
COURT.

2. CORCO'S FINANCIAL PROBLEMS AND ITS ATTEMPTS TO ARRANGE
A TAKEOVER BY ASHLAND OIL INC. HAVE BEEN WIDELY COVERED
IN US TRADE AND FINANCIAL PRESS. IF SONATRACH IS ONE OF

CORCO'S CREDITORS, WE PRESUME THAT ITS US LAWYERS ARE
CLOSELY FOLLOWING MATTER.
VANCE

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Message Attributes

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